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INTRODUCTION

The Office of Internal Audit performed an audit of the Highland Park District, Wayne County FIA for the period October 1, 2000 through August 31, 2001. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that Agency assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of Michigan Family Independence Agency (FIA) are being followed. The Highland Park District had 67 full time equated positions (FTE's) at the time of our review. The Highland Park District provided assistance to an average of 6,563 recipients per month during FY 2000, with total assistance payments of \$11,180,025 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Highland Park District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Client Processing	CIA/ASSIST
Cash Disbursements	Cash Receipts
Employment Support Services	State Emergency Relief
Safe & Controlled Documents	IRS Information Security
Medical Transportation	Procurement Card
Payroll Processing	

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Highland Park District's internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's

authorization. We did, however, find a few instances of noncompliance with FIA policies and procedures and weaknesses in internal controls, which are detailed below.

DISTRICT OFFICE RESPONSE

The management of the Highland Park District has reviewed all findings and recommendations included in this report. They indicated in a discussion with an audit manager that they are in general agreement with the report.

FINDINGS AND RECOMMENDATIONS

Controlled Documents

Controlled Document Reconciliation

1. The Highland Park District did not prepare the Monthly Controlled Document Inventory and Reconciliation (FIA-4351) for bus tickets and transfers, as required by Accounting Manual Item 403. Use of the Controlled Document Log and preparation of the Monthly Controlled Document Inventory and Reconciliation help to ensure that loss, theft, or misuse of bus tickets and transfers would be detected on a timely basis.

WE RECOMMEND that the Highland Park District prepare the Monthly Controlled Document Inventory and Reconciliation for bus tickets and transfers.

Employment Support Services

Proof of Ownership for Vehicle Repairs

2. The Highland Park District did not document that an eligible group member owned the vehicle to be repaired prior to authorizing the vehicle repair through the Employment Support Services (ESS) Program. We reviewed two vehicle repair payments totaling \$1,701.42, and found that one case did not include documentation that the caseworker verified that the vehicle was owned by an eligible group member.

Program Eligibility Manual (PEM) Item 232, page 10 states that prior to authorizing a major repair, assurance that an eligible group member owns the vehicle is required. This can be accomplished by obtaining a copy of the vehicle title or registration when the repair is approved.

WE RECOMMEND that the Highland Park District verify vehicle ownership before authorizing any repairs.

IRS Information Security

Designated Staff Person and Back-up

3. The Highland Park District Designated Staff Person (DSP) and back-up did not have a password for accessing IRS confidential wage match information, as required by Program Administrative Manual (PAM) 803. The password is necessary to access information that may provide evidence that a client is receiving benefits that they may not be entitled to receive.

WE RECOMMEND that the Highland Park District Designated Staff Person and back up obtain a password, and comply with procedures outlined in Program Administrative Manual (PAM) 803.